


ANALYTICS + AUTOMATION  
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REVENUE MADE SIMPLE



## Data & Automation are Simplifying Revenue Strategy

Revolutionary innovations in technology –such as automation, machine learning and advanced analytics models– are enabling hotel revenue teams to simplify their processes and focus on building strategies to drive revenue.

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## Introduction:

# Technology Empowers Hoteliers

For decades, hoteliers have looked to technology to help measure and forecast demand so they could dynamically price their rooms accordingly. With data at their fingertips, hoteliers could make smart pricing decisions to capitalize on high-demand days.

But revenue management and the technology behind it is evolving rapidly. As the world becomes increasingly digital, travelers' behaviors are continuously changing and so too must hoteliers' strategies to meet and exceed their expectations, as well as remain profitable.

Before the turn of the century, in what seems like simpler times, hoteliers were hiring former reservation managers and front-desk managers to pull pricing levers. Now the process requires highly-skilled mathematicians, often with degrees in economics and statistics. The hotel business has become a digital numbers game, now more than ever.

Therefore it's critically important for hoteliers to look beyond revenue and lean on technology to enable and empower them across multiple areas. Technology is no longer built for one specific task -- to help drive revenue, for example -- but instead aims to help hoteliers work smarter and more effectively, and to help them provide a better guest experience. Once those benefits are in place, revenue increases will follow.

A reliance on technology can be scary to hotel operators. Some, particularly revenue managers, feel automated technology could replace their job. But revenue management is no longer just a pricing function and the incredible amounts of demand, guest and transactional data available means there is more art and analysis to the role than ever before. Revenue systems are a tool to enable revenue teams, not to replace them.

Is it fair for revenue managers to worry that technology is going to replace their job?

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**“If the only way you are adding value as a revenue manager is through pricing strategy, you’ll be obsolete in five years. The robots are coming, and they are pretty good at crunching numbers and updating prices.”**

Mike Medsker  
Focal Revenue Solutions

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“If the only way you are adding value as a revenue manager is through pricing strategy, you’ll be obsolete in five years,” says Mike Medsker, co-founder of Focal Revenue Solutions. “The robots are coming, and they are pretty good at crunching numbers and updating prices.

“However,” he continued, “those that see this as an opportunity rather than a threat understand that by outsourcing the more mundane revenue management tasks to technology, they can free up their time for determining strategy, building culture, and implementing the holistic changes that will build long-term value for the hotels under their care.”

We know that revenue management is not a 9-to-5 job. There are plenty of things that will happen when the revenue manager is not at his or her desk and even some things, like spikes in demand, that could happen while the revenue team is sleeping. This is where automation lends a hand, ensuring technology steps in and reacts in real-time to these triggers. As hotel technology improves, it will be able to do much of the tedious work for hoteliers, providing them time to focus on bigger-picture strategies.

Opening the 2019 NYU International Hospitality Industry Investment Conference, Chairman and hotel owner Jonathan Tisch said 42% of industry workers fear losing their job to automation, citing recent work from the Pew Research Center. To calm these fears, Tisch recommended working closely with

employees on technology integration.

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**“Specifically, we need to ask, how can technology free-up our team members from more mundane tasks and allow them to focus their energies on high value-added service that only humans can deliver.”**

Jonathan Tisch  
Hotel owner, Chairman-NYU Conference

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“Specifically, we need to ask, how can technology free-up our team members from more mundane tasks and allow them to focus their energies on high value-added service that only humans can deliver,” he said.

Today’s systems are handling much of the complicated, repetitive and time-consuming tasks, simplifying human processes and freeing up revenue managers to spend more time away from their desks.

In ideal scenarios, revenue managers are “managing by exception,” or focusing less on pulling pricing levers and more on building strategies to capitalize on their most compressed days. With more time to strategize, they can assist in other important areas like digital marketing and distribution, providing departments across the hotel with accurate data on which to make optimal decisions. As an added benefit, they’re working a more normalized work week, spending more time with friends and families.

It’s time, as an industry, to look more holistically at the role of revenue management and ensure it is sustainable. We need to improve revenue teams’ quality of life, which includes improving the performance of the hotel but also many other intangibles. Technology — driven by data and machine learning — can help hoteliers make progress both personally and professionally.

“Working together we can shape our own future — lifting travel and hospitality to new levels of growth and prosperity,” Tisch said.

## Chapter 1

# Unlocking Revenue Management Pain Points

Because the role of revenue management is ever-evolving, new challenges and opportunities are constantly presenting themselves.

Duetto recently connected with nearly 100 revenue managers -- users and non-users -- for specific research on what keeps them up at night. Through surveys and interviews with DORMs, Area DORMs, corporate-level revenue executives and management

companies from across the globe, some new trends emerged. In general, concerns seem to have shifted from competing with OTAs and driving top-line revenue to improving processes, gaining clearer visibility into future demand opportunities and making data- and profit-driven decisions.

Across responses from the entire data set, consistent patterns emerged.

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## The Top 9 revenue management pain points identified:

- #1 Revenue managers are wasting time collecting and processing data
- #2 Revenue teams can't respond to changes in demand 24/7
- #3 Reporting and forecasting takes too long
- #4 Revenue managers must constantly explain pricing decisions and strategies
- #5 Conflicts between departments, particularly Sales, Revenue and Group
- #6 Area directors have little visibility into how properties are pricing
- #7 Corporations have little centralized control over property revenue strategy
- #8 Executive teams have little visibility into cross-property performance
- #9 It's too difficult to implement a cohesive brand strategy

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First, revenue managers almost unanimously suggested they need more tools around automation. Next, a majority of them reported needing more accurate demand and financial forecasts for clearer visibility into revenue, profit and loss numbers, particularly around budgeting. And lastly, a number of revenue managers said they need better resources around knowing how and when to accept the right group contracts.

Because of these current challenges, revenue teams said they fear they are missing opportunities to drive rate. Because they are bogged down with menial tasks, revenue managers feel they have no time for strategy and are constantly chasing their competitors. A lack of resources means they're stressed, overworked and often leaving money on the table.

## Chapter 2

# Successful Strategies: Manage by Exception

How revenue managers can 'manage by exception,' or automate everyday decisions while identifying and building strategies for high-demand days

Whether it's one hotel or an entire portfolio, there are certain revenue management tasks that are simply too repetitive and add little value for the time they take. Think about manually gathering data in an Excel spreadsheet for pricing decisions or manually keystroking rate recommendations into the PMS.

To alleviate these issues and focus more time on building strategies to drive revenue, DORMs are adopting a "manage by exception" strategy. Manage by exception means asking software to automate the daily, repetitive tasks, allowing revenue managers to focus on identifying and building strategies for their highest demand days. With an accurate demand forecast, hotels are more easily able to identify compressed nights far into the future -- 365 days and beyond -- giving them more time to enact optimal pricing, marketing and distribution strategies.

Assembling data is a great example of how hoteliers can simplify their processes. For decades, revenue managers have been running reports in their Property Management System (PMS) and assembling them within Excel using macros. Today, custom report builders compile more real-time information and are saving revenue managers hours each day.

Many revenue managers are also manually pushing rates to their PMS. In an old Best Available Rate (BAR) system where one rate is pushed and each segment rate is a derivative of BAR, this might not be so complicated. But with today's complex pricing strategies where each segment and room type is yielded independently for each day as far out as a year into the future, automating these price pushes saves an immense amount of man hours.

Let's face it: In certain parts of the year, a Tuesday night at your hotel is likely to look very similar to the past Tuesday. Ditto for the following Tuesday. Revenue managers should not have to focus on these days. Instead, they should rely on technology to free up their time to focus on the things that are most critically important and areas where they may have market information or experience that their software does not.

Of course, managing by exception requires building trust between human and technology. Once it's determined that a system's demand forecast and pricing recommendations are trusted and accurate, only then can they be automated.

## Ruby sets an example with 80/20 theory



The revenue team at Ruby Hotels, with a European portfolio of six "lean luxury" hotels and another 12 in development, has outlined a strategy to concentrate only on the essentials, creating a contemporary, affordable form of luxury for modern, cost- and style-conscious customers.

They've taken a similar approach with their tech stack and revenue strategy, choosing to focus only on things that will have the biggest impact. Recently, Ruby's revenue team theorized that 80% of its profitability came on about 20% of days throughout the year. Teaming with Duetto to take a closer analysis, the partners discovered that 80% of Ruby's hotel profitability came on about 30% of the year, on highly compressed days and nights.

What Ruby's analysis highlights is, particularly when revenue managers are thinking strategically about maximizing profitability, that it's extremely critical to understand there are a handful of days where hotels have the most opportunity to organize their teams and drive a strategy to capitalize. For instance, departments must work together to ensure they don't book low-rated group or wholesale business too far in advance and then miss an opportunity to drive rate and profitability as those days approach.

Ruby relies heavily on managing by exception to save revenue managers time and help them capitalize on the most important bookings. "It's about getting the right offer at the right price to the right person at the right time," says Michael Struck, founder and CEO of Ruby Hotels.



Managing a revenue management system by exception means the software will help hoteliers and revenue teams identify those days where they should be spending more time -- where human judgment is required. This allows the team to alter any outstanding digital marketing campaigns, change the marketing strategy overall and interface with the general manager and sales organization to make sure they understand the vision for capitalizing on these high-demand days. When other key stakeholders -- like management companies, asset managers or brands -- are monitoring a pricing strategy, they need to be made aware that the revenue manager might run a slightly lower occupancy later into the booking window because he or she is confident that demand is going to be really strong at the end, for example.

Having patience to not sell out too early, and let your competitors fill up faster than you, is a human conversation that needs to happen and can't be communicated purely by a system. As it becomes more and more crucial for a revenue team to communicate across the entire hospitality organization and ensure alignment on strategy, managing by exception will free up time for those conversations.

"When you think of revenue management and crunching numbers, I always thought it was this one guy or gal who's in a room who's just down looking at a computer just stressing out. And that's not the case anymore. Instead of just sitting there crunching numbers and pulling reports, I'm allowed more time to just think creatively. I have a very balanced work-life."



**Nathan Gray**  
Regional Director of  
Revenue Management  
**Coast Hotels**

"We identify those periods outside that are exceptional by looking at forecasts and where we see changes in patterns or segmentation, and from there we dive in deeper to understand what is causing these changes. If we're pacing ahead or behind, do we understand why?"



**Christine Jackson**  
Demand Team  
**citizenM Hotels**

"I used to spend more time in the Pace report, but now I let the system do it. We used to rely on somebody to manually catch compressed days or where there's concern on selling out too quickly. Now we have all that extra free time back, which allows us to focus on our conversions and on our marketing strategy. It lets us focus on how we're talking to the guests, whether it's pre-stay emails or any other communication point."



**Jesse Sturges**  
Director of  
Strategic Marketing  
**Mohegan Sun**

## Chapter 3

# Technology Upgrades: Automation

How automated technology can alert revenue teams to demand spikes and react with real-time rate recommendations by room type, segment, channel, etc.

While managing by exception is becoming a bigger part of hotel revenue team strategies, it couldn't be possible without incredible innovation and advancements around technology automation.

We've seen automation become prevalent across many other industries, from marketing automation tools to self-driving cars. Automation relies on a framework of artificial intelligence and/or machine learning. In the simplest sense, this means a computer, or computer software, is able to compute, perform functions and deliver recommendations hundreds of times faster than any human. And over time, the computer or software is able to identify patterns and perform processes of elimination so that it "learns" from its users.

In the hotel revenue space, if managing by exception is the strategy, then automation is the tool that enables it.

In fact, automation has been a driver of revenue software for decades. Recognizing that travelers are searching and booking around the clock and that market changes can come suddenly, recent versions of systems have been built to react accordingly with adjusted forecasts and rate recommendations. Even factors like changing competitor rate strategies can create immediate demand surges or declines and revenue managers have learned to identify those triggers.

But until recently, revenue managers have been forced to react to these changes with pricing updates in real time—even if it's the weekend or the middle of the night. While they might be "alerted" to spikes in demand, they were still usually required to react with a new strategy or, at the very least, accept new rate recommendations across all segments and channels. It's a difficult task.

Recent advancements in software automation are now allowing revenue teams to fully automate the more tactical decisions and trust they can step away to focus on bigger decisions.

"As technology evolves, datasets become more rich, and machine learning becomes more relevant, revenue management will evolve from pulling pricing levers to creating demand through the deployment of smarter outbound sales and marketing initiatives," says Medsker of Focal Revenue Solutions.

However, in order to trust technology enough to enable "auto-pilot," users must be able to understand how it works. Similarly, revenue managers must trust their systems and feel empowered to understand

"For us, automation is very important because we're a very fast growing company and we're going to be adding more hotels and we're going to be adding revenue managers, so we definitely need to automate our processes to make the most out of the people that we have. And we need to spend the most time on the periods that actually need our attention and not spend too much time on setting rates manually or doing a very manual forecast."



Christine Jackson  
Demand Team  
citizenM Hotels

"I look at automation like I look at email. I get hundreds of emails in a day. I could easily just drown in that filtering, and sorting, and filing, and trying to prioritize. But we use rules, and we auto-sort, and flag, and follow up, and do those things to help organize and structure the workflow. I take advantage of all of that so that I can just focus on the standout items and the things that need adjusting."



Cori Oles  
VP of Revenue Management  
IMH Financial Corp.

what the software is doing and why it's recommending what it is. This means revenue software providers are opening up more of the functionality and analytics that power things like algorithms and rate recommendations, so users can more clearly understand where those recommendations and suggestions are coming from. As a result, today's revenue teams have more behind the scenes access to booking curve analysis and forecast accuracy results.

At Melia Hotels International, Global Revenue Development leader Txetxu Gurruchaga says he uses an automated revenue system to help his property-level DORMs focus their attention where needed. Recently, a Melia revenue manager in the U.K. was overseeing two hotels and opening a third. She was able to put the two open properties on "autopilot" while she focused on getting the new property up and running, he said.

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**"We currently have six hotels piloting 100% auto-pilot and now our idea is to keep moving different hotels to autopilot for pricing."**

Txetxu Gurruchaga  
Global Revenue Development leader  
Melia Hotels International

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"Once she was confident enough with the strategy and recommendations, we turned autopilot on for those properties so she could concentrate on the opening. And it was very helpful," Gurruchaga said. "We currently have six hotels piloting 100% auto-pilot and now our idea is to keep moving different hotels to autopilot for pricing."

Automation, coupled with improvements around user notifications, helps users forget about the systematic changes that are happening every day and instead focus on the more critical decisions. For revenue managers, this means using expertise from the ground, from being in the market and on property, to help build strategies that a machine cannot. This allows revenue teams to focus more time on identifying and understanding any data that may look out of character. In Duetto's research, one respondent summed it up well: "I want to focus on the \$500 decisions, not the \$5 decisions."

"Automation means time is spent focusing on replacing lower-rated segments with higher-rated segments. It allows the team to question how to fill the gaps we have. There was resistance from the team, but they soon learned that time could be spent looking at the bigger revenue picture, rather than time being spent looking at competitors' daily rates, which has led to critical decisions, such as removing wholesale rates."



Andrew Ritson  
Group Revenue and  
Distribution Manager  
Then Hospitality

"We do have different room-type pricing, but (until recently) it has been a very manual process. Now that the system does it automatically, we're already seeing higher ADR and now I've got more free time."



Jesse Sturges  
Director of  
Strategic Marketing  
Mohegan Sun

## Chapter 4

# Data Frameworks: Forecasting and Analytics

How hoteliers can ensure the right data is powering their systems, allowing them to trust recommendations and step away to build data-driven strategies

In Chapter 2, we discussed installing a “manage by exception” strategy, and Chapter 3 discussed using technology to automate repetitive tasks. But neither of those outcomes are possible without first understanding what system and strategy inputs are accurate and most relevant. In the hotel revenue space, this means ensuring you’re starting with the cleanest data, tracking the right trends and inputting key datapoints into the system.

Once a revenue team’s data inputs, strategies and rules are in place, only then can revenue managers feel comfortable enough to lean on technology to take over a function or job.

Fortunately, most of that data today can be right at a revenue manager’s fingertips. No longer are revenue managers forced to collect reports from various systems and crunch daily numbers in an Excel spreadsheet to determine market and demand trends. Tech advancements and integrations have come a long way in collecting, collating and visually presenting key metrics and trends.

Much of this data goes into building perhaps the most critical piece of insight for a hotel: the forecast. A hotel’s forecast is incredibly important because it’s used beyond revenue management, by other teams like operations, marketing and finance. While forecasts have been built for the longest time by compiling data offline in Excel, now tools are available to gather all your data sources and automate the forecasting process online. This allows revenue technology to surface additional data that’s not available working in an Excel environment.

Forecasting empowers people because they have a better sense of what to expect. For hoteliers, it clarifies responsibility and priorities, thereby encouraging cooperation. A forecast gets the revenue team thinking about cause and effect, asking themselves what they can do now to improve future results or avoid an identified risk. Forecasting gets everyone on a hotel operating team involved in helping the hotel succeed.

However, it’s often a complicated process. As consumer buying behavior changes and Online Travel Agencies find more creative ways to connect with your guests, it’s becoming more difficult to predict business patterns. Often times hotels have deployed too many systems to identify and gather the right data, and everyone is spending too much time budgeting.

“I pull a lot of custom reports because I really think that everybody has a different role and it takes a team to achieve the results. So, what I provide to the president is not necessarily what I’m providing to the sales team, or the front office, or the reservations team. I want to make sure they have the most relevant and useful information for them. Pace toward forecast is really important, and forecast accuracy is huge.”



Cori Oles  
VP of Revenue Management  
IMH Financial Corp.

“What’s changed the most is that our corporate office used to wait for hours, days, weeks, for reports. Now we’re asking the hotels for a weekly forecast report and it’s something we can share with all the regional directors and regional VPs.”



Txetxu Gurruchaga  
Global Revenue Development  
Melia Hotels International

With custom report building tools, hoteliers can build a forecast for all types of different segments of their business. This gives revenue managers more visibility into the hotel's current group pipeline, for example, as well as visibility into historical wash and conversion metrics. Digging deeper, new data sets allow hoteliers to start looking at total revenue forecasts as well, taking into account things like per-person pricing around breakfast and other amenities.

Trusting that forecasts and other reports are accurate allows Jesse Struges, director of Strategic Marketing at Mohegan Sun Casino Resort, to focus on "finding some really diverse anomalies within the data or within the customer and begin building those relationships."

"Before, we had to do a lot of reporting, and now we have a quick and easy way to get reports out of the system so I don't have to be at my desk to go through our reporting tools," Struges said. "I can be on my phone looking at arrivals or lower occupancy or whatever the case is."

Using technology to improve the process of forecasting can be considered the first step in relying on software to simplify the jobs and lives of revenue managers. With an unbiased projection of the future, based on accurate and trusted data, hotel revenue teams have become more efficient.

"There are always going to be situations where things don't fit the normal curve. But if you can forecast for that, it doesn't become an issue. We want to get to our best occupancy and our best revenue, but let's also make sure that operationally we have the staffing required and can fill needs like getting rooms cleaned. If you can prove the forecast and prove the data, then the people who have concerns feel more comfortable."



Jesse Struges  
Director of  
Strategic Marketing  
Mohegan Sun

## Conclusion:

# Working Together to Simplify Your Revenue Strategy

Like many hospitality job functions, revenue management is extremely demanding.

A revenue manager's role, although increasingly important, remains incredibly complicated and requires hours upon hours of manual work – collating data in Excel, keystroking pricing updates in various systems and crafting reports to share with all of the key stakeholders.

It's time to simplify the manual revenue management tasks and enable teams to spend more time analyzing data and taking more strategic approaches to pricing. Technology assists revenue teams in using the right combination of data and technology to automate much of the manual work so revenue managers can do what they actually love to do – dig into the data and coordinate strategies to drive results.

As we move forward, Duetto is redoubling its efforts to free hoteliers from a continuous and complicated string of data analysis to a more straightforward approach to revenue management that simplifies the process for revenue managers. We're exploring more

ways to save revenue managers time, arming them with the right information and preparing trustworthy recommendations so they can focus on more important tasks. We want our system to highlight just the things that are most important so they can begin managing by exception.

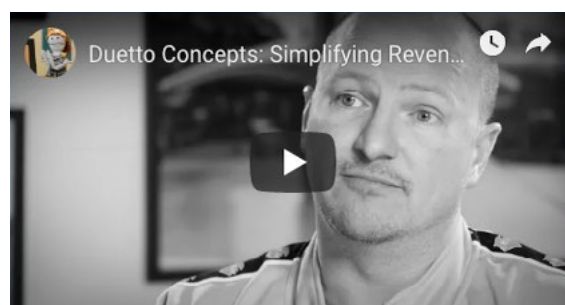
We're looking holistically at the role, aiming to improve the quality of life of revenue managers. Of course, this also includes improving the performance of the hotel, which is how a revenue team's success is measured. But it also includes other intangibles that have contributed to revenue management being one of the more thankless jobs.

We want hotel revenue managers to be able to spend more time out of the office. We want to give hotel executives control to make smarter decisions more quickly and easily. We want to get you promoted faster.

Advancements in technology are paving the way for simplified revenue processes so you can spend more time doing the things you love.

“Everything we do comes back to ‘how can we help revenue professionals make progress in their lives and careers?’”

Patrick Bosworth  
CEO, Duetto



[Watch Patrick explain more](#)



## Efficient Yielding Strategies Drive Big Gains for Coast Hotels

Hotel market demand is changing rapidly across the Pacific Northwest, and boutique owner-operator Coast Hotels wanted to make sure they were getting their fair share. After installing Duetto, Coast revenue executives say their teams – and yield meetings – are much more efficient. They’re trusting the system’s forecasts and pricing recommendations and allowing competitors to sell out first, thus embracing the ability to charge higher rates for last-minute demand.

[Watch Nathan and other Coast revenue executives discuss their new strategy.](#)

“Now I have time to think”

It’s amazing how different my life is now. Instead of just sitting there and crunching numbers, Duetto allows me to be creative. I have the time to think ‘does this really make sense?’ or ‘what if I try this?’ Then, Duetto offers me the tools to enact what I’m trying to get done. I wasn’t able to do that before.



Nathan Gray  
Regional Director of  
Revenue Management

## About Duetto

Duetto provides a suite of cloud applications to address hospitality’s complexity in distribution and technology, providing solutions that increase organizational efficiency, revenue and profitability. The unique combination of hospitality experience and technology leadership drives Duetto to look for new and innovative solutions to the industry’s greatest challenges. Duetto delivers software-as-a-service to hotels and casinos that leverage dynamic data sources and actionable insights into pricing and demand across the enterprise.

More than 3,000 hotel and casino properties in more than 60 countries have partnered to use Duetto’s applications, which include GameChanger for pricing, ScoreBoard for intelligent reporting and BlockBuster for contracted-business optimization.

For more information, visit [duettocloud.com](http://duettocloud.com)

